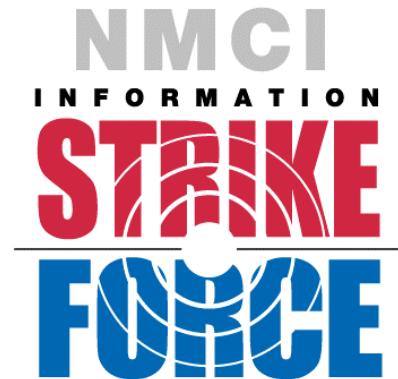


# ***Contract Overview***



Maj. Rich Hoffman

NMCI Liaison Officer to SPAWAR & PEO-IT



# ***Contract Overview Agenda***

- ☐ NMCI Contract Unique Terms and Conditions
- ☐ Customer Choices, data seats, upgrades and peripherals
- ☐ Information on the web
- ☐ Questions & Answers

# Contract Model

## • USER

Customer Satisfaction is optimized when quality of service and cost/unit of service are balanced. Best Value Achieved.



## • SERVICE PROVIDER

Profit is optimized when cost/unit and customer satisfaction are balanced. Best Value Achieved.

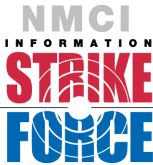


# ***Unique Terms and Conditions***

- ☐ **Seat Management – not H/W – S/W procurement**
- ☐ **Service Level Agreements – Attachment 2**
- ☐ **Full Payment Clause – Para 5.9**
- ☐ **Incentives/Credits – Para 6.14/6.15**
- ☐ **Transfer of infrastructure ownership - Para 6.23**
- ☐ **Guaranteed minimum quantities – Para 2.1**
- ☐ **Customer Choices: Basic Seat Types, Upgrades and Peripherals**
- ☐ **Proof of Concept Operational test – Para 4.0**
- ☐ **40% SB Requirement – Para 6.14.14**
- ☐ **Direct Payment to 1<sup>st</sup> Tier SB Subs - Para 5.10**
- ☐ **Employment Opportunities for displaced employees - Para 6.27**
- ☐ **Shared Savings – Para 6.26**



# ***Seat Management – not H/W – S/W Procurement***



- ☐ Govt. describes requirement – Contractor develops solution
- ☐ Contract CLINs describe capabilities and reference:
  - Statement of Objectives (Attachment 1)
    - Service definitions
  - Service Level Agreements (Attachment 2)
    - Minimum performance values
- ☐ Contract Modifications
  - PM NMCI-IT - requirements development
  - MITNOC - technical assessment as required
  - HQMC C4 - requirements validation
- ☐ Navy has no central requirements validation process : 4 stars = you get it
- ☐ End State: Enterprise solutions that are secure, technically stable, sustainable, reasonably priced

**Biggest cultural change to overcome!**



# *Service Level Agreements*

- ☐ Over 190 discreet metrics
- ☐ Describes the services in detail and
  - What is measured
  - How it is measured
  - Who measures it
  - When and how it is reported
  - How much we want
- ☐ Design SLA's versus performance SLAs
- ☐ Customer Satisfaction
- ☐ SLA's influences full payment, incentives, and credits

**THE HEART OF THE CONTRACT!!!!**



# ***Full Payment Clause***

- ☐ NMCI = No Money Coming In (Planning Phase)
- ☐ 85% payment from Assumption of Responsibility (AOR) date to achievement of SLA's
- ☐ 100% payment upon achievement of SLA's for 30 consecutive days
- ☐ Credit plan kicks in with 100% payment
- ☐ Eligibility for incentive kicks in with 100% payment
- ☐ SLA performance is evaluated against EACH Task Order
  - ISF commits to meeting ALL SLA's
  - Every customer is equal

**Order structure is crucial**



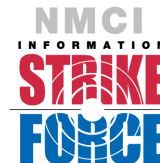
# *Incentives/Credits*

- ☐ Small – Disadvantaged Business participation  $\geq 40\%$ 
  - \$1.5M/yr awarded twice yearly (Award Board)
- ☐ Full Operational Capability – Steady state user base can order and receive services (PEO-IT determination)
  - \$10M one time payment
- ☐ Information Assurance
  - \$10M/yr – awarded twice yearly (Award Board)
- ☐ Customer Satisfaction (potential of \$140M+/yr)
  - CLIN 0001-0004 users get a vote
  - 85% above average = \$25/seat/Qtr
  - 90% above average = \$50/seat/Qtr
  - 95% above average = \$100/seat/qtr
- ☐ Credits – Service Level Incentive Plan (SLIP)
  - Under negotiation to change from original award model

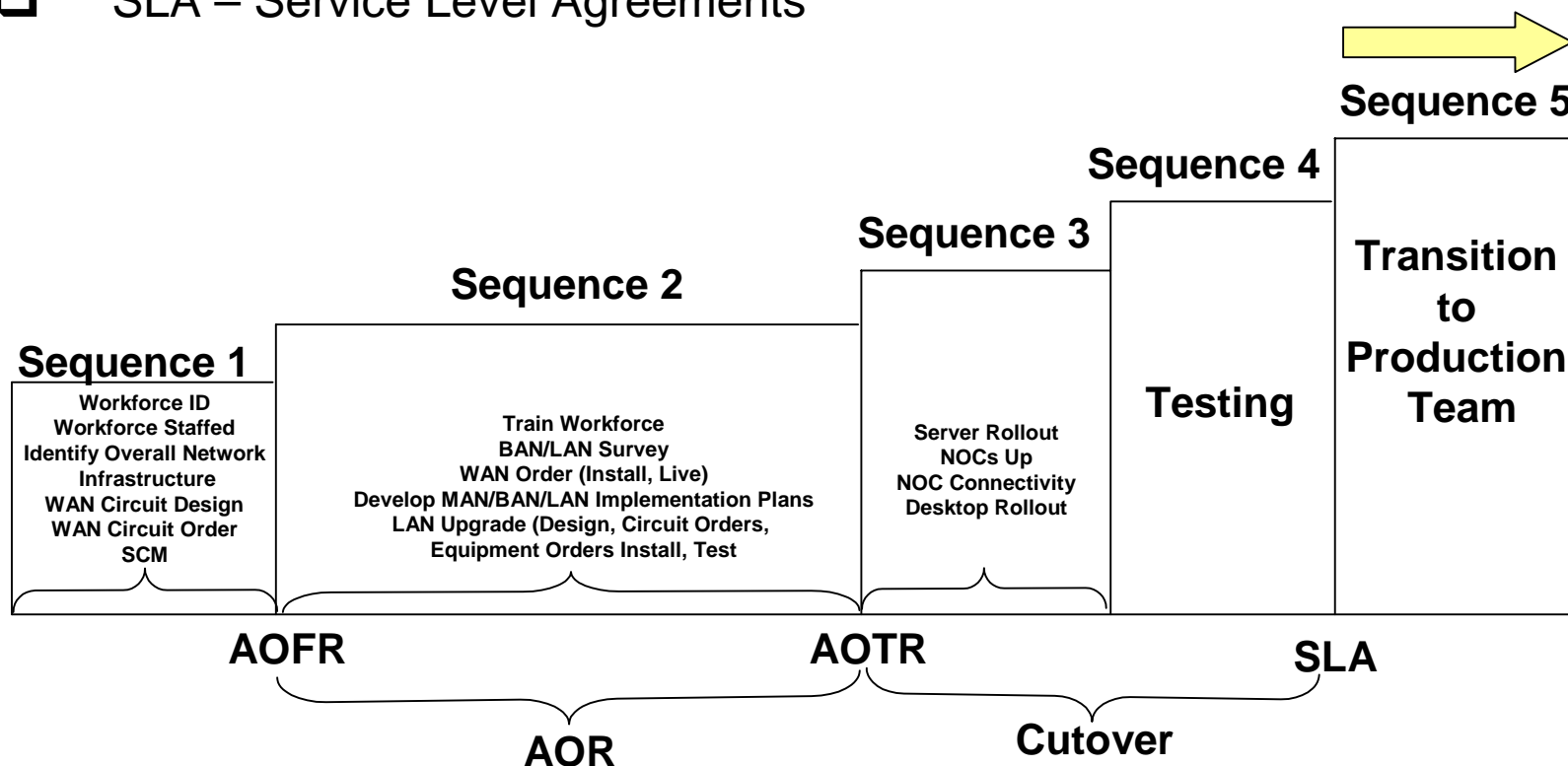
**All incentives paid by PEO-IT**



# NMCI Delivery Model



- ☐ Task Order initiates sequence 1
- ☐ SCM - Site Concurrence Memorandum
- ☐ AOR – Contractor Assumption of Responsibility
  - AOFR: Assumption of financial responsibility
  - AOTR: Assumption of technical responsibility
- ☐ Cutover – network transition to NMCI
- ☐ SLA – Service Level Agreements





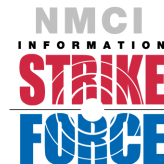
# ***Guaranteed Minimum Quantities***

- ☐ Contract minimums described in contract tables 1-8
- ☐ USMC minimums tied to budget - \$270M/yr for 68K seats
- ☐ USMC budget closer to \$330M/yr for 82,500 seats
- ☐ Minimums have to be committed to every FY and are subject to availability of funds from Congress

**The Navy Comptroller will write a check to EDS for \$1.1 Billion every year. What we get for that is up to us.**



# ***Transfer of Infrastructure Ownership***



- ☐ Contractor will assume ownership of DoN infrastructure
  - Desktop to desktop and everything in between
  - Infrastructure credit evaluated pre-award and figured into seat price
  - CNO message turns over ALL equipment
  - USMC direction forthcoming – one for one, tactical systems off limits
- ☐ Infrastructure must meet SLAs – no set refresh period
- ☐ Infrastructure capital investment is solely contractor's
- ☐ Disposal cost is contractor's (except GFE)

**There's no going back!**



# ***Proof of Concept Operational Test***

- ☐ Mandated by OSD in response to congressional requirement for ASD C3I up-check
  - Representative sample population
- ☐ Started with DoD 5000 model
  - Conducted by ISF, OPTEVFOR and JITC and MCOTEA
  - Never conducted on a non-developmental, commercial off-the-shelf system
  - Concurrent engineering slows planning process
- ☐ Testing sequence
  - Contractor T&E 1,2,3
  - Operational Test, report generation, review
  - Current completion date Summer 02

**Schedule driver!**



# ***Government Civilian Employee Protections***



- ☐ Government reassignment
- ☐ Government retraining
- ☐ ISF Employment
  - 15% salary increase
  - 3% signing bonus
  - 3 year guaranteed employment
  - Assignment within 50 miles of home
- ☐ Over 420 government civilians affected so far, NO RIFS!

**USMC will take care of its civilian Marines**

# *Shared Savings*

- ☐ EDS will return to government 50% of all savings generated through changes in operating procedures
  - EDS estimates operating budget at beginning of FY
  - Compares actual to estimated expenditures
  - If cause is attributable to change in DoN processes, savings returned in form of lower seat prices
- ☐ Huge plough-back capital potential
- ☐ To date, no savings identified
  - \$1B out - \$49M in

Identifying Shared Savings is everyone's business

# Buying a "Seat"



## Standard Features

- Dual airbags
- Body side molding
- 5-mph bumpers
- AM/FM Stereo
- Manual Air Conditioning
- Power Brakes
- Rear Window Defroster
- Power Windows
- All Season Tires

## Options

- Floor Mats
- 4-Wheel ABS
- Side impact airbags
- Power door locks



## Standard Features

- Hardware
- Software
- File Share Services
- Maintenance
- Refreshment
- Administration
- Network Access
- Customer Support
- Relocation
- Training

## Upgrades

- High end Upgrade
- Mission Critical Upgrade
- Classified Upgrade

## Additional Services

- Data Warehouse
- Legacy Apps
- Sea/Shore Rotation
- OCONUS
- Retrain Civilian Personnel



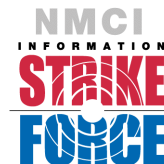
## ***Customer Choices: Basic Seat Types***

- ☐ **Red**: 75% of High-end commercially available workstation
- ☐ **White**: 65% of High-end commercially available workstation
- ☐ **Blue**: 60% of High-end commercially available workstation
- ☐ **Thin Client**: 50% of High-end commercially available workstation
- ☐ **Portables**: Laptops with @ 75% High-end performance
- ☐ **Deployable Seats**
  - Full Service – Contractor provided and maintained (Dolch)
  - Limited Service – Government provided and maintained (MCHS)
- ☐ **Hybrid**
  - Basic – Government provided – limited services home computers
  - Enhanced – Government provided – full services – LAN capable

Broad spectrum of capability in basic offerings



# *Customer Choices: Upgrades and Peripherals*



- ☐ **Wall Plugs** – Additional LAN Jacks
- ☐ **High-End Workstations** – Higher performance workstation compared to Red Seat – SLA performance identical - ++\$\$\$\$
- ☐ **Mission Critical Workstation** – Higher performance than High-End workstation – higher SLA performance - +++\$\$\$\$
- ☐ **Classified Upgrades** – All basic CLINs, Thin Client and Deployables
  - GFE Type I Crypto
- ☐ **CLIN 23 Catalog**
  - Peripheral Devices
    - Category 1 Pricing (upon initial delivery)
    - Category 2 pricing (after initial delivery)
  - COTS Software

Catalog items and Seat Modifications are going fast



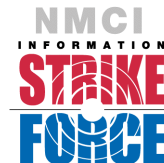
## *Customer Choice*

- ❑ NMCI network performance will be better than MCEN
- ❑ All NMCI workstations will perform better than current MCHS offerings
- ❑ SLA 36C3 – Tech Refresh – Average relative performance of refreshed workstations: The Red Seat of today will be the White Seat of tomorrow!

***Beware of the H/W Seduction***



# ***NMCI Information on the Web***



## **USMC web sites:**

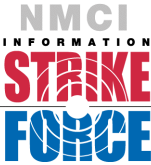
- <http://www.mchs.marcorsyscom.usmc.mil>
- <http://www.cio.usmc.mil/c4>

## **Navy web sites:**

- Navy PMO <https://nmci.spawar.navy.mil/>
- PEO-IT <http://www.peo-it.navy.mil/>
- DONCIO <http://www.don-imt.navy.mil/>
- SECNAV Statement on NMCI Contract Award  
<http://www.chinfo.navy.mil/navpalib/people/secnav/speeches/nmci001006.txt>
- Navy's Report to Congress  
<http://164.224.120.150/congress/nmcireport.html>
- Portal Demo <http://www.glynn.com/theport/>

## **EDS web site:**

- <http://www.eds.com/nmci/>



# *Questions & Answers*